

States to display the flag at half-staff from their homes for the customary forenoon period.

In Witness Whereof, I have hereunto set my hand this eighteenth day of May, in the year of our Lord nineteen hundred and ninety-five, and of the Independence of the United States of America the two hundred and nineteenth.

William J. Clinton

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NOTE: This proclamation was published in the *Federal Register* on May 22.

Message to the Congress on Iran *May 18, 1995*

To the Congress of the United States:

I hereby report to the Congress on developments since the last Presidential report on November 18, 1994, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979, and matters relating to Executive Order No. 12613 of October 29, 1987. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c). This report covers events through April 18, 1995. It discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 and matters relating to Executive Order No. 12613. Matters relating to the March 15, 1995, Executive Order regarding a ban on investment in the petroleum sector, and the May 6, 1995, Executive Order regarding new trade sanctions, will be covered in separate reports. My last report, dated November 18, 1994, covered events through October 18, 1994.

1. There have been no amendments to the Iranian Transactions Regulations, 31 CFR Part 560, or to the Iranian Assets Control Regulations, 31 CFR Part 535, since the last report.

2. The Office of Foreign Assets Control ("OFAC") of the Department of the Treasury continues to process applications for import licenses under the Iranian Transactions Regulations. However, a substantial majority of such applications are determined to be ineligible for licensing and, consequently, are denied.

During the reporting period, the U.S. Customs Service has continued to effect numerous seizures of Iranian-origin merchandise, primarily carpets, for violation of the import prohibitions of the Iranian Transactions Regulations. OFAC and Customs Service investigations of these violations have resulted in forfeiture actions and the imposition of civil monetary penalties. Additional forfeiture and civil penalty actions are under review.

3. The Iran-United States Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. However, since my last report, the Tribunal has not rendered any awards although payments were received by claimants in late November for awards rendered during the prior reporting period. Thus, the total number of awards remains at 557. Of this total, 373 have been awards in favor of American claimants. Two hundred twenty-five (225) of these were awards on agreed terms, authorizing and approving payment of settlements negotiated by the parties, and 150 were decisions adjudicated on the merits. The Tribunal has issued 38 decisions dismissing claims on the merits and 85 decisions dismissing claims for jurisdictional reasons. Of the 59 remaining awards, three approved the withdrawal of cases and 56 were in favor of Iranian claimants. As of April 18, 1995, the Federal Reserve Bank of New York reported that the value of awards to successful American claimants from the Security Account held by the NV Settlement Bank stood at \$2,365,160,410.39.

Iran has not replenished the Security Account since October 8, 1992, and the Account has remained continuously below the balance of \$500 million required by the Algiers Accords since November 5, 1992. As of April 10, 1995, the total amount in the Security Account was \$191,219,759.23, and

the total amount in the Interest Account was \$24,959,218.79.

The United States continues to pursue Case A/28, filed in September 1993, to require Iran to meet its obligations under the Algiers Accords to replenish the Security Account. Iran has yet to file its Statement of Defense in that case.

4. The Department of State continues to present United States Government claims against Iran, in coordination with concerned government agencies, and to respond to claims brought against the United States by Iran.

On April 18, 1995, the United States filed the first of two parts of its consolidated submission on the merits in Case B/61. Case B/61 involves a claim by Iran for compensation with respect to primarily military equipment that Iran alleges it did not receive. The equipment was purchased pursuant to commercial contracts with more than 50 private American companies. Iran alleges that it suffered direct losses and consequential damages in excess of \$2 billion in total because of the U.S. Government's refusal to allow the export of the equipment after January 19, 1981, in alleged contravention of the Algiers Accords. As directed by the Tribunal, the United States' submission addresses Iran's claims regarding both liability and compensation and damages.

5. The Foreign Claims Settlement Commission ("FCSC") on February 24, 1995, successfully completed its case-by-case review of the more than 3,000 so-called "small claims" against Iran arising out of the 1979 Islamic revolution. These "small claims" (of \$250,000 or less each) were originally filed before the Iran-United States Claims Tribunal, but were transferred to the FCSC pursuant to the May 13, 1990 Settlement Agreement between Iran and the United States.

The FCSC issued decisions on 3,066 claims for total awards of \$86,555,795. Of that amount, \$41,570,936 represented awards of principal and \$44,984,859 represented awards of interest. Although originally only \$50 million were available to pay these awards, the funds earned approximately \$9 million in interest over time, for a total settlement fund of more than \$59 million. Thus, all awardees will receive full payment on the principal amounts of their

awards, with interest awards paid on a pro rata basis.

The FCSC's awards to individuals and corporations covered claims for both real and personal property seized by Iran. In addition, many claims arose out of commercial transactions, including contracts for the sale of goods and contracts for the supply of services such as teaching, medical treatment, data processing, and shipping. The FCSC is now working with the Department of the Treasury to facilitate final payment on all FCSC awards.

6. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. Similarly, the Iranian Transactions Regulations issued pursuant to Executive Order No. 12613 continue to advance important objectives in combating international terrorism. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

William J. Clinton

The White House,
May 18, 1995.

Message to the Congress on Proliferation of Weapons of Mass Destruction

May 18, 1995

To the Congress of the United States:

On November 14, 1994, in light of the dangers of the proliferation of nuclear, biological, and chemical weapons and their means of delivery ("weapons of mass destruction"), I issued Executive Order No. 12938 and declared a national emergency under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*).